

Internal Revenue Service

Department of the Treasury

District
Director

[REDACTED]
Date: AUG 8 1984

Person to Contact:
[REDACTED]

Contact Telephone Number:
[REDACTED]

Refer Reply to:
[REDACTED]
[REDACTED]

CERTIFIED MAIL

Gentlemen:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(2) of the Internal Revenue Code of 1954.

The information presented shows that you were incorporated on [REDACTED] as a nonstock corporation in the State of [REDACTED].

The nature of the activities to be conducted, or the purposes to be promoted or carried out by the corporation, are as follows:

(a) To operate a Condominium known as [REDACTED] located at [REDACTED] in accordance with the requirements for an Association of Unit Owners charged with the administration of property under "[REDACTED]", Section [REDACTED] et seq, as amended, of the General Statutes of the State of [REDACTED], including the performance of the following acts and services on a not-for profit basis:

(i) The supervision, care, operation, maintenance, renewal and protection of all buildings, structures, grounds, and other facilities and installations and appurtenances relating to the property of said Condominium.

(ii) The preparation of estimates and budgets of the costs and expenses of rendering such services and performing, or contracting or agreeing for such performance, as provided for in or contemplated by this Article 2, and apportionment of such estimated costs and expenses among and the collection thereof from the Unit Owners obligated to assume or bear the same.

(iii) Making and promulgating, on behalf of said Owners, such Rules and Regulations as may be necessary or proper from time to time, with respect to the safe occupancy, reasonable use and enjoyment of the buildings structures, grounds and facilities of the Condominium and enforcing compliance therewith, including the levy of fines.

(iv) Performing or causing to be performed, all such other and additional services and acts as are usually performed by managers or managing agents of real estate developments, including without limitation, keeping or causing to be kept, appropriate books and records, preparing and filing necessary reports and returns, making or causing to be made audits of books and accounts.

(b) To retain counsel, auditors and accountants, appraisers and other persons or services that may be necessary for or incidental to any of the activities herein described.

(c) To do and perform or cause to be performed all such other acts and services that may be necessary, suitable or incidental to any of the foregoing purposes and objects to the fullest extent permitted by law and to acquire, sell, lease or encumber any real estate for the purposes aforesaid and any other real property, the ownership of which is not inconsistent with the purposes of the corporation as hereinabove set forth.

Any person who acquires title to a Unit in the Condominium property shall be a member of the Association. There shall be one membership for each Unit owned within the Condominium. Such membership shall be automatically transferred upon the conveyance of any such Unit. Each membership shall be entitled to vote, and voting shall be on a percentage basis. The percentage vote to which each membership is entitled is the percentage of undivided ownership of the Common Elements assigned to this Unit in the Declaration.

The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and shall do all such acts and things as are not by law or by the Bylaws directed to be exercised and done by the Unit Owners. The duration of the corporation shall be unlimited.

The projected budget submitted shows revenue is for assessments from the unit owners for maintenance and management fees such as management fees, heat, repairs and maintenance, electricity, auditing, housekeeping, insurance, water and disposal.

Section 501(c)(2) of the Code provides for exemption from Federal income tax of corporations organized for the exclusive purpose of holding title to property, collecting income from the property, and turning over the entire amount of the income, less expenses, to an organization which itself is exempt from Federal income tax under section 501.

Section 1.501(c)(2)-1(a) of the Income Tax Regulations provides that since a corporation cannot be exempt under section 501(c)(2) of the Code if it engages in any business other than that of holding title to property and collecting income therefrom, it generally cannot have unrelated business taxable income as defined in section 512.

Section 512(b)(3) of the Code excludes from the determination of unrelated business taxable income rents from real property.

From the aforementioned stated facts, your organization does not hold title to property, collecting income from the property and turning over the entire amount of the income, less expenses, to an exempt organization under section 501.

Therefore, you do not qualify for tax exempt status under section 501(c)(2) of the Internal Revenue Code.

If you do not agree with the determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you accept our findings, please sign and return one copy of Form 6018 "Consent to Proposed Adverse Action".

Sincerely yours,

A solid black rectangular box used to redact the signature of the District Director.

District Director

Enclosure: Publication 892